

2/9/78

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Frank Moore to Pres. Carter, 4 pp., re: Recommendations	2/8/78	C
Memo	Frank Moore to Pres. Carter, 6 pp., re: Personal Matter	2/8/78	C
Memo	Jody to Pres. Carter, 1 pg., re: personal matter	2/9/78	C
Memo	Vice-Pres. & Eizenstat to Pres. Carter, 18 pp., re: Copper Stockpile	2/9/78	A
Memo	James McIntyre to Pres. Carter, 6 pp., re: Copper Stockpile	2/9/78	A
Memo	Zbigniew Brzezinski to Pres. Carter, 7 pp., re: Grain Outlook	2/9/78	A

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THE PRESIDENT'S SCHEDULE

Thursday - February 9, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:15 Senator Gaylord Nelson. (Mr. Frank Moore).
(15 min.) The Oval Office.

9:30 Senator Edward Zorinsky. (Mr. Frank Moore).
(15 min.) The Oval Office.

10:00 Senator John Melcher. (Mr. Frank Moore).
(15 min.) The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:30 Meeting with the Intelligence Oversight Board.
(20 min.) (Dr. Zbigniew Brzezinski) - The Cabinet Room.

1:00 Meeting with Secretary Cyrus Vance,
(20 min.) Dr. Zbigniew Brzezinski, and Mr. Hamilton
Jordan - The Oval Office.

2:00 Mr. Douglas Fraser, President, United
(10 min.) Auto Workers. (Mr. Landon Butler) - Oval Office.

2:30 Secretary Michael Blumenthal. (Mr. Jack
(30 min.) Watson) - The Oval Office.

THE WHITE HOUSE
WASHINGTON

2-9-79

To Stu -

What can we
do now re R B
Russell Sam?

(Don't flinch)

J.C.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

February 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *f.m.*

This evening, the Senate confirmed both
Carlucci and Webster.

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THE WHITE HOUSE
WASHINGTON

February 9, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: MEETING WITH BLUMENTHAL -
POTENTIAL TAX QUESTION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT <i>of his note</i>
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

*not
mentioned*

THE WHITE HOUSE
WASHINGTON

February 8, 1978

Mr. President:

It is possible that at your meeting tomorrow Secretary Blumenthal may seek your approval for a Treasury legislative proposal concerning the tax treatment of Americans living abroad. Essentially, the Treasury proposal would permit Americans living abroad to exclude \$15,000 from their taxable income--the proposal would extend not only to "construction camp" workers in the Middle East but to all Americans living abroad, including those in Western Europe.

The Treasury proposal has not gone through the OMB clearance procedure. OMB would have serious budgetary reservations and we would have serious tax reform reservations about such a proposal. If the matter comes up, I hope you will reserve judgment until the proposal goes through the OMB clearance procedure.

Stu

Stu Eizenstat

2:30 pm

THE WHITE HOUSE
WASHINGTON

February 8, 1978

9
1

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

SUBJECT: Your Meeting with Secretary Blumenthal
Thursday, February 9, 1978 2:30-3:00 p.m.

As you know, Mike is leaving this Saturday to attend the G-5 Ministerial Meeting in Paris. In addition to the United States, the United Kingdom will be represented by Chancellor Denis Healey; Germany by Finance Minister Hans Apel; Japan by Finance Minister Hideo Boh; and France by Economic and Finance Minister Raymond Barre. Mike wants to brief you on the issues to be discussed.

He also plans to meet with Saudi Finance Minister Avalkhail if the meeting can be arranged in Paris. He will go on to Bonn for a meeting with Chancellor Schmidt. Henry Owen is preparing a letter from you which Mike plans to deliver to Schmidt in Bonn.

If there is time, Mike will report on his talks earlier this week with the banks and state officials in New York. He may also brief you on his talks with various members of the Congress relating to the tax reform package.

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THE WHITE HOUSE
WASHINGTON

February 9, 1978

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: U.S. ARMY CORPUS OF ENGINEERS
CIVIL WORKS PROGRAM UNDER THE
CARTER ADMINISTRATION: A DETAILED
BACKGROUND PAPER AND PLAN FOR
IMPLEMENTATION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Ham
J

THE U. S. ARMY CORPS OF ENGINEERS CIVIL WORKS PROGRAM UNDER THE CARTER
ADMINISTRATION: A DETAILED BACKGROUND PAPER AND PLAN FOR IMPLEMENTATION*

I: INTRODUCTION

On numerous occasions during the Presidential campaign, Gov. Carter has stated that he would, as President, "get the Corps of Engineers out of the dam building business." It is now time to tell the American people just what he has in mind, why, and how he intends to implement the initiatives he proposes.

When the general public hears "the Corps of Engineers" mentioned, what they actually think of is the Corps' "civil works program," which is only a portion, though an important part, of the overall mission of the U. S. Army Corps of Engineers. The civil works budget is over \$2-billion annually, less than the military construction budget. And only a part of the civil works budget is devoted to "dam building" and construction of other major civil projects.

Gov. Carter does not intend to do away with the Corps, or its important civil works capabilities, but to modify and redirect the civil works program, for the well-being of both the American public and the agency itself. Such a redirection has been considered for some time by the agency, and by many other Presidents in this century, and has been started to some degree.

The Corps, like the rest of the U. S. military, is a "can do," action-oriented outfit. Given clear signals from higher authority, they may be expected to get the job done, and done well. President Carter will do just this, provide clear signals on what he and his Administration consider to be the needs of the American public today. He knows that the Corps' forte is engineering design and construction management, that no organization can compete with them in this. He wants to make the very best use of this capability.

He recognizes the contributions of the Corps' past major projects to the quality of life in the Nation. The benefits of great flood control, navigation, and hydropower projects are well known and have, for the most part, promoted the development and security of the Nation. Existing navigation, flood control, and hydropower projects which are still in the public interest should be maintained; and the projects which are under construction which are clearly sound from economic, environmental, and other viewpoints should be completed.

There is no need to confine the Army Corps' civil works efforts to water resources development alone, for "civil works" involves much more. The Corps' engineering and construction management expertise should be brought to bear creatively on additional areas of public works and transportation, the agency's historic responsibility. (The civil works program dates back to 1824 when the Congress authorized the Corps to survey and plan "canals and post roads.") Their unique qualifications can and should serve the Nation well.

Having much respect for the Corps' engineering design and construction management competence, Gov. Carter, himself an engineer by education and

*Original drafted 12 September 1976. Retyped with only typographical errors corrected and minor clarifications and editorial changes made.

experience, thinks the system can and should be able to work efficiently. He plans to retain the existing Corps of Engineers civil works organization under his Administration. By providing clear general guidance from the White House to Army civilian executives, he is confident the redirection can be successful with a minimum of reorganization. If necessary, after a fair opportunity to be responsive to the President's perceptions of the American public's desires, a major reorganization involving the civil works program will be initiated.

Gov. Carter intends, by his own actions as President and those of others in the executive branch who make policy for the Army civil works program, to restore and enhance the vision, effectiveness, leadership, and responsiveness that he feels must be a hallmark of our Federal government agencies today.

II. CURRENT SHORTFALLS

There are several existing major problem areas that must be understood to effect improvements in the effectiveness and responsiveness of the U. S. Army Corps of Engineers' civil works program. Gov. Carter has carefully analyzed them and has developed a set of specific, concrete actions to address them.

(a) A Preoccupation with Major Beneficiaries

The Corps is much more responsive to its "customers" (as they are referred to within the agency) or major special interests than the concerns of the general public. It is natural to pay more attention to friends and traditional supporters, but there is a preoccupation on the part of many of the military management, senior civilians, and field executives to pursue this to the frequent detriment of the broad public interest. There is an awareness of this problem in some quarters; but progress is slow, painful, and risky.

Major beneficiaries and interest groups who hold sway with the Corps include the water transportation industry, dredging contractors, major landowners desiring drainage of wetlands and swamps (in the name of "flood control" which minimizes or eliminates local cost-sharing) to convert them to agricultural production, commercial developers desiring more urban and local flood protection, and real estate interests seeking the creation of new lakefront property to develop.

Though the civil works program is still called "water resources development," perhaps most of the troublesome projects today should really come under "land enhancements." Frequently, these result in what many objective analysts would consider to be large windfall benefits (the term "unconscionable windfall benefits" is internally used in some instances) accruing to a relatively few individuals and interests, more likely as not having good and long-standing access to the political (Congressional and civil works) decision-making process.

The Congress can authorize and then appropriate funds for a project on the basis of the district engineer's or the Chief of Engineers ("the Chief") report, even if it has not been approved by the Office of the Secretary of the Army (OSA) and cleared for the Administration by the Office of Management and Budget (OMB). Many such projects are implemented without being acceptable to the President and part of or consistent with the Administration's program. Frequently

projects are extremely responsive to the needs of certain special interests and may lack rigorous and objective analysis and do not possess widespread benefits which should normally characterize projects having a legitimate Federal interest.

(b) The Civil Works Program is Different

The Corps civil works program seems to be truly "different" from all other Federal development, water resources, and natural resources agencies. Perhaps the principal reason is the large amount of economic benefits that can be closely targetted as needed. Because of this, the real control of the civil works program is jealously guarded as a prerogative of the Congress, or more properly key individuals on the authorizing and appropriations committees and subcommittees.

It would likely require a prohibitively great amount of political capital for the President to gain Congressional acceptance of any reorganization involving drastic change in the existing general structure of the Army civil works organization, or moving it into another agency. Initial efforts of the Carter administration should focus on greatly improving the effectiveness within the existing general framework, with attention devoted to clear guidance from the White House and careful selection of civilian Presidential appointees at the policy level.

An early confrontation with the Congress should be avoided, as their understanding and as much support as is possible to marshal will be very useful in effecting any desired redirection.

It is realistic to anticipate a somewhat improving climate in the Congress. Over the last couple of sessions, there have been many new members of the House and the Senate. There have been, by the time the 95th Congress convenes in January 1977, some changes in the chairmen of key committees and subcommittees controlling the Corps civil works program. These include the retirement of Rep. Bob Jones (D-Ala.), chairman of the full House Public Works and Transportation Committee, and Rep. Joe Evins (D-Tenn.), chairman of the House Public Works Appropriations Subcommittee.

A very special problem area is the Corps' Lower Mississippi Valley Division (LMVD) and the Mississippi River Commission (MRC). Due to the great interest of senior Senators and Congressmen from states along the lower Mississippi River (and their presence on the Armed Services, Appropriations, and Public Works Committees), Corps of Engineers projects coming from this locality are typically very "different" from those originating elsewhere in the Nation. They are reviewed by MRC in Vicksburg instead of the Board of Engineers for Rivers and Harbors (BERH) in Washington; and MRC project reports normally lack the substance, rigor, and justification desired or expected even from Corps districts and divisions elsewhere in the country. Members of the MRC are Presidential appointees, and it is difficult at best for the Secretary of the Army (the "Secretary"), the Assistant Secretary of the Army for Civil Works ("the Assistant Secretary"), or even the Chief, to exert any control or influence whatsoever, as the above-mentioned senior Senators are effectively MRC's "higher authority."

A review of the MRC operation would be most desirable, possibly leading to Administration legislation to abolish or significantly modify MRC which was created by the Congress in 1879. This should not be attempted initially, however, due to anticipated strong opposition by the key members of Congress. At such time as the remainder of the civil works program has made progress in its redirection, this can be addressed.

The potential exists, though, for much less traumatic but very effective measures to improve the MRC situation in that MRC appointments (three Corps general officers plus a NOAA admiral and three civilians now) acceptable to the President, sharing a commitment to his goals, can be made as vacancies occur. As all three Corps generals are division engineers, two will likely complete their tours within the year, necessitating new appointments. The nine-year terms of the civilian MRC members are due to terminate in May 1977. Therefore, President Carter would have the opportunity, very early in his first term, to appoint a majority of the MRC members. This would likely exert a great positive effect on redirecting the agency as well as clearly signaling the President's understanding of the real levers of power and his intent to provide real guidance. (The MRC appointments are very prestigious PAS "plums." Even for the military members, there is a \$7,500 extra annual compensation, \$10,000 for the Corps general who is chairman.)

(c) A Shrinking Program and a Lack of Initiatives

In terms of constant dollars or real purchasing power, the current Corps civil works budget is about half what it was a decade ago. Combined with this is another important consideration; operation and maintenance (O&M) costs are greatly increasing due to: (i) more completed projects requiring O&M and (ii) O&M is more costly when done in more environmentally acceptable ways as is now required.

Funds available for construction of new traditional water resources development projects are seen to be dwindling. As a result, there is a real need for a new mission or missions for the civil works program for it to even continue its design and construction functions into the foreseeable future. Also, this is necessary if the Nation is to realize benefits from the considerable expertise which is present in the Corps' civil works program.

There is a frequently-cited multi-billion dollar backlog of authorized civil works projects, most of which have been on the books for many years, and many of which would be grossly infeasible by today's criteria. To be candid, if there were much interest or if they were really attractive, they would have been started by now.

The fact is, in the opinion of many knowledgeable observers, most opportunities for really attractive traditional large-scale projects with widely diffused benefits to the general public (i.e., those with a legitimate Federal interest) have already been built.

The Corps generally seeks no new missions, somewhat passively preferring the Congress to mandate them. In recent years, the Administration has recommended no new construction starts; and the Congress has added those they wanted. The Administration should take the initiative in including those projects which are consistent with the President's program, as well as proposing new missions. The Corps' passive attitude toward seeking new missions is contributing to its own decline.

(d) A Lack of Response to the Executive Branch

The Army Corps of Engineers has trouble realizing, or at least acting as if, it is part of the executive branch of the government, and thereby subject to the direction of the President, his appointees in policy positions, and the

Administration in general. They function, for all practical purposes, as an obedient and pliable arm of the Congress.

There is historically a constant and heavy two-way flow of communications between individual Congressmen and committee staff on the one hand and the Corps on the other. This extends far beyond merely handling Congressional inquiries, providing "drafting services" for legislation, and the like and clearly indicates a desire on the Corps' part to be totally responsive to the will of the Congress. On most occasions when their actions are questioned, they state that they are simply doing what the Congress directed them to do, that they do nothing, or very little, on their own initiative. More so than other executive agencies, they also mutely take the heat when the Congress needs to transfer blame.

There is no way, at present, for the President's representatives in the Department of the Army (the Secretary and the Assistant Secretary for Civil Works) to monitor the intimate contact between the Corps and the Congress. It is, in fact, even difficult for the Corps' military top management, e.g. the Chief of Engineers and the Director of Civil Works (DCW) to be fully aware of what is being negotiated and agreed upon.

The Congress normally bypasses the Secretary's office and goes directly to the Corps, except when formality is thought to be appropriate or convenient. Likewise, the Corps does relatively little to inform the Secretary's office of their activities with the Congress unless trouble develops or a specific request is made.

The Corps of Engineers would seem to find it quite objectionable to receive substantive policy direction from civilian executives appointed by the President. This is partially due to a general lack of acceptance of civilian control by the military establishment. It is also due, perhaps, to a feeling of elitism or arrogance, and the lack of any Presidential appointee with major policy-level responsibilities for civil works until just recently. The position of Assistant Secretary for Civil Works was authorized by the Congress several years ago, but was not filled until March 1975.

Until then, the Corps made their own policy for the most part, dealt directly with the Congress and other agencies of the executive branch, and in general ran their own show, dealing with only a very small "civil functions staff" in the Secretary of the Army's office. It (the civil functions staff) was comprised of career civil servants; and the Secretary obviously had only a fraction of his time to devote to civil works, these being only particularly sensitive problems.

The Corps will, sometimes knowingly, sometimes perhaps unwittingly, take or advocate positions clearly contrary to the President's announced program when pressured by the Congress or major beneficiaries. It is apparent that the lines in the official organizational chart of the Department of the Army and protocol between the executive and legislative branch are not recognized by the Corps in their day-to-day conduct of business. They apparently do not consider the prospects of severe reprisals or enforcement from higher authority to be real.

Under the Ford administration, the Secretary of the Army has delegated

most of his authority for civil works to the Assistant Secretary for Civil Works. He handles only politically sensitive matters, normally acting on advice of the Assistant Secretary and his staff. The Assistant Secretary has a very small staff. It is obviously difficult at best to handle policy matters for an extremely active 28,000-man outfit like the Corps, plus other areas of civil functions assigned to this office, with a minimal staff, no matter how competent they may be.

There is good reason to believe, however, that the Army Corps of Engineers would be responsive to crystal clear guidance on civil works priorities from their Commander-in-Chief through his appointees. The White House has traditionally not been too interested in the civil works program except for political reasons, thereby allowing the Corps to work directly with the Congress by default.

Anyone with substantial experience as a military officer knows the central role of the officer efficiency reports. When these are prepared and reviewed only in the military chain of command and bypass the President's appointees, responsiveness to the Administrative program is not a real factor.

The President's appointees need to have (or exercise) line authority over Corps personnel who participate in developing policy or speak in behalf of the Administration on policy matters, or in some other way be able to maintain at least some semblance of discipline to the President's program.

(e) The Cumbersome Review of Civil Works Project Reports

Civil works projects are developed on the district level, then reviewed by the division, the Board (BERH), or the MRC for lower Mississippi Valley projects, the Office of the Chief of Engineers (OCE), OSA, then to OMB for possible forwarding by the Administration to the Congress as legislation.

Too often, project reports reach the Washington level and OSA that have major problems, such as lack of obvious Federal interest, not in conformance with Corps regulations, unresolved serious environmental problems, inadequate support for benefits and/or costs, not consistent with the Administration's program, and the like. With these several levels of review, this should occur only infrequently. The Corps has a serious problem in that it does not like to say "no" to a project desired by what they call "customers" or "local interests" and project advocates in the Congress.

The function and charter of each level of review should be defined, or re-defined, to promote efficiency and to expedite the identification and formulation of sound defensible projects which can be included in proposed legislation by the Administration.

(f) The Corps Civil Works Organization

In order to appreciate some of the problems involving the civil works program, the lines of authority in the organization must be understood. The district engineer (who directs the formulation of all projects locally) reports to the division engineer. He reports directly to the Chief, who in turn reports to the Secretary of the Army and the Army Chief of Staff. For civil works matters, the chief is supposed to report to the Secretary through the Assistant Secretary for Civil Works.

It should be kept in mind that many Corps districts handle both military construction and civil works projects. The Chief has perhaps 30-40 key people reporting directly to him; it is obvious that he has little time available for civil works matters. The Director of Civil Works is one of those who report directly to the Chief. As the DCW is staff to the Chief, he has no line authority over the divisions and districts. On any difficult problems, the field executives take orders only from the Chief.

The Corps has an extensive decentralized field organization. In fact, decentralization is a cornerstone of the Corps. Basic decisions on project plans are made in the district. Only review resulting in either concurrence or minor modification normally takes place above the district level. By the time a project can be reviewed by OSA or OMB, it is usually "set in concrete." Copies of all project reports are routinely provided to the House and Senate Public Works Committees at the same time they are initially provided to OSA. The committees can proceed to include them in the "omnibus" authorization bills or, as they are now designated, "Water Resources Development Acts," prior to any action by any official responsible to the President and acting in behalf of the Administration.]

Decentralization has its good and bad features. It is good to have capabilities close to the problems and needs, but there is currently inadequate quality control in the field planning process. The quality of the product (i.e., project reports entering the pipeline) varies drastically from district to district around the Nation.

The Corps believes strongly in delegating enough authority downward to get the job done. The district engineer, for example, is the contracting officer for military and civil works construction projects, environmental impact studies, and the like.

There appears to be an inconsistency in the delegation process. With the growing complexity and visibility of civil works projects, and the minimal amount of attention the Chief can devote to civil works, it would seem most desirable for the Director of Civil Works to have substantially increased authority delegated to him so some measure of real control can be exercised within the operating agency.

(g) Review for Promotion and Reassignment

Previously, mention was made of the critical role of officer efficiency reports. When a Corps of Engineers officer can initiate, or be a party to a "SNAFU," from the Administration's viewpoint or the general public interest point of view, and shortly thereafter be, for example, selected for War College, promoted, and given a highly desirable troop command or a district, this is indicative of a massive problem. So also is a system which allows field officers to, on occasion, ignore directions from higher authority, or engineer officers to openly and boldly, without any trepidation, take positions contrary to the President's and the Administration's program.

Though it is not desirable to politicize the military in any way, it is clearly in the National interest to consider the degree to which an officer discharges his responsibilities in the general public interest. Promotion, and

possibly also assignments to career-enhancing commands, should be predicated upon a clear demonstration of responsiveness to the current needs of society. This is especially important for promotion to flag grade and assignment of general officers to major commands such as Chief of Engineers, Director of Civil Works, Division Engineers, President and members of the Mississippi River Commission, etc.

The Secretary of the Army is, to the extent that he desires, in the loop to approve promotion lists, and can provide criteria for promotion boards. The President must nominate prospective general officers, members of the Mississippi River Commission, etc. for confirmation by the Senate. There is, consequently, a great opportunity for the White House and the President's appointees to see that those who competently handle civil works assignments are rewarded and set an example for others.

III. SPECIFIC ACTIONS PROPOSED

After considerable study and analysis of the Nation's needs in the civil works area, and having become familiar with both the evident strengths and the clear shortcomings of the existing U. S. Army Corps of Engineers civil works program, Gov. Carter has formulated a series of specific actions to be implemented early in his Administration. These are outlined below.

(a) The existing general organizational framework for the Corps and its civil works program will be retained. It is not anticipated that major program elements will be shifted to other agencies outside the Department of the Army. Rather than stress reorganization in this instance, President Carter will emphasize providing clear guidance on general priorities, missions, and broad policy from the White House to the Army civilian executives he appoints, for their use in formulating policy for implementation by the Corps. Gov. Carter respects the great capabilities of the Corps of Engineers in the areas of engineering design and construction management and operations. He plans to give the system a chance to work prior to considering a major reorganization involving the Corps' civil works program.

(b) Gov. Carter is fully aware of the many foreign and domestic issues that will make demands on his time and interest as President. Being realistic, he realizes that a relatively small proportion of his energies can be devoted to the Army civil works program. President Carter will, however, be allocating more personal and White House staff attention to the area than has been customary in recent administrations. His personal interest when needed, plus that of responsible officials in his Administration, will seek to insure the Corps' being fully responsive to the current and developing needs of the American people.

(c) All of President Carter's appointees for positions on the Army secretariat or elsewhere with policy-making responsibilities for the civil works program will be outstanding professionals with demonstrated competence and achievements in the civil works area. They will be fully appreciative of the importance of a strong continuing civil works program to the Nation. They will, as well, be fully committed to a modern and effective program that is responsive to the broad public interest.

(d) Likewise, favorable action by President Carter on nominations of senior Army engineer officers for assignment to any major civil works command

will require both outstanding demonstrated technical competence and a record of responsiveness to the broad public interest.

(e) Having served the Nation for a number of years as a military officer, Gov. Carter is aware of the importance of the officer efficiency report to career advancement. President Carter will see that the Army secretariat issues the necessary criteria to promotion boards and career managers to assure their consideration of candidates' responsiveness and commitment to the broad public interest in prior civil works assignments.

(f) In the past, many have gained the impression that the Corps of Engineers was not as subject to policy direction by the Administration, through the Army secretariat, as most other Federal agencies were. President Carter will clarify this point. All policy-level matters involving other executive branch agencies and other branches of the Federal government will be channeled through the Army secretariat. The Secretary of the Army, or others to whom he may delegate such authority, will speak for the Administration and assure, along with the Executive Office of the President, that Corps actions are consistent with the goals and policies of the Carter Administration. This is entirely proper for an agency of the executive branch.

(g) At the present time, the civil works staff in the Office of the Secretary of the Army is quite small. Since this group is responsible for developing policy for the nearly 30,000-man Corps of Engineers civil works program, it may be necessary to augment the small policy-analysis staff. There are currently many individuals located within the Corps civil works organization who are functioning in policy-making roles and generally representing the Administration to other agencies, the public, and the legislative branch. To promote effective management of the Army civil works program, President Carter will have the Secretary of the Army determine policy-making staff requirements of the Army secretariat and transfer such spaces as might be necessary from the Corps (the implementing arm of the agency) to the civil works staff in the Secretary's office.

(h) Since there will be no major near-term reorganization of the Army civil works structure, and since additional missions will likely be developed by the Carter Administration to utilize the Corps' substantial capabilities, it is not anticipated that a reduction in force for civilian or military personnel will be required.

(i) Decentralization and delegation to field executives of sufficient authority to accomplish the mission are hallmarks of the Army civil works program. Currently all district engineers report to the division engineers, who report directly to the Chief of Engineers. Considering the many programs of the total Corps of Engineers and, as a result, the many individuals who report to the Chief, President Carter will have the Secretary of the Army assess the desirability of having additional civil works authority delegated to the Director of Civil Works, who is now staff to the Chief of Engineers. This should promote more efficient implementation of desirable civil works projects.

(j) Gov. Carter realizes that "civil works" can and should involve much more than "dam building" and water resources development in general. There are significant opportunities for the Corps of Engineers to respond for the good of the Nation and its citizens. The Corps' greatest expertise is in the area of

design engineering and construction management, important skills that can be used for other modes of transportation in addition to waterways, environmental management, development of energy resources in addition to hydropower, and other areas of social investment in civil works. The need is not as great for extensive, traditional water resources development projects as it was when the Corps established its strong reputation for water development, but the Nation needs the agency's skill and experience in new areas. President Carter will have the Secretary of the Army work with the Corps, other executive agencies, the Congress, local and state government, the public including conservation organizations, and the private sector to identify such opportunities early in his administration. Over the past 200 years, the Corps of Engineers has changed the emphasis of their civil works program repeatedly in response to the needs of the Nation; and there is every reason to expect that the Engineers can and will redirect their expertise now when needed.

(k) While economics does not provide the complete picture for a proposed civil works project, reliable, sound, and defensible assessment of the benefits and cost is a necessity. Under the Carter Administration, the Corps will be asked to redouble its efforts to develop and utilize state-of-the-art techniques of cost and benefit determination which present, to the maximum extent possible, the full impact on society.

(l) Though already being done to a great extent, President Carter will insist upon full consideration of both structural and non-structural alternatives, and combinations thereof, in the planning process. The Corps has developed, in several instances, some most attractive non-structural plans which both alleviate problems and serve the public better and at less cost.

(m) Gov. Carter is aware of the existing complexities and inequalities among Federal agencies for local cost-sharing on various types of water resources projects. The Carter Administration will support implementation of more rational cost sharing policies which will provide for cost-effective and equitable water resources projects for the Nation.

(n) Some of the public have experienced unnecessary losses in welfare due to several major water resources development projects. This has been due to inordinate delays in implementing, or not implementing, needed mitigation measures for adverse project-induced effects. The general public should and must benefit from civil works projects; and fish and wildlife mitigation, as well as mitigation of other losses, will be considered an integral part of water projects under President Carter's Administration.

(o) Gov. Carter is aware that the Corps has many policy statements and regulations concerning environmental protection. President Carter will insist upon the development, dissemination, prompt implementation, and use of regulations fully implementing the Water Resources Council's 1973 "Principles and Standards for Planning Water and Related Land Resources." The provision to decision makers of a full range of meaningful alternative plans considering both "environmental quality" and "national economic development" will promote reasoned trade-offs which balance competing needs in the broad public interest.

(p) The Washington-level planning group within the Corps will be directed, under the Carter Administration, to improve quality control in planning groups in the district and division offices. This should promote better and more uniform

application of policies and planning techniques and produce a better quality plan for review by higher authority. If decentralization is to put the capabilities close to the needs, then the responsibility to produce the best possible product should be present as well.

(q) The Carter Administration will identify desirable civil works projects and new civil works missions and submit them to the Congress in a comprehensive legislative package as the President's program.

(r) President Carter will have the Secretary of the Army to conduct a complete review of existing Corps civil works policy to identify areas in which new or modified policy is indicated. It will be necessary to assure that policy coverage is adequate, up to date, and in line with the current needs of the American public.

(s) Gov. Carter is aware of the important role of the Board of Engineers for Rivers and Harbors which reviews most project plans for the Chief of Engineers. President Carter will request the Secretary of the Army to evaluate the desirability of a board of nationally-prominent consultants from outside the Federal government in engineering, economics, environmental sciences, and other appropriate disciplines for BERH. Such a group, if found to be useful, would be available on an ad hoc basis to provide, when requested by BERH or OSA, additional independent views on special problems needing attention.

(t) At the present time, civil works project reports are prepared by the districts and must be reviewed and found acceptable by the division, BERH, the Chief of Engineers, the Secretary of the Army, and OMB prior to being transmitted to Congress by the Administration. This is a time-consuming process. In the interest of expediting truly desirable and defensible projects, an analysis including a review of the specific functions of each review level, the effectiveness of each level in identifying and correcting deficiencies, and recommended measures to reduce the number of reviews or otherwise minimize delay will be requested from the Secretary of the Army by President Carter. The goal is better and more responsive project plans ready for timely implementation.

(u) Gov. Carter has been made keenly aware of the need to complete flood protection works on the main channel of the lower Mississippi River. This is necessary to protect lives, property, agricultural productivity, basic industry, and a critical segment of our Nation's inland waterway system. He will ask the Secretary of the Army to assess the current status and adequacy of flood control efforts on the main stream of the lower Mississippi and recommend for inclusion in future budgets, as well as any needed new or modified legislation, an expedited course of action to provide design main-stream flood protection at the earliest date practicable.

(v) The Carter Administration will take a great interest in regulatory programs currently within the Department of the Army's responsibilities. Desired is execution of those regulatory programs which promote the genuine public interest while preventing nuisance to individuals through unnecessary regulation. Gov. Carter supports delegating those responsibilities to the States that they are fully capable of discharging well, and that can best be done at the local level, while retaining those functions that are clearly in the national interest to do so. He favors the maximum use of general permits and exemption of broad categories

of minor activities. President Carter will, however, continue permit activities to protect the integrity and productivity of the Nation's remaining wetlands and to regulate activities which can compromise flood control programs or infringe on the Nation's existing inland navigation system.

(w) Gov. Carter is aware of the increasing need to effectively involve the public, all sectors of the public and all interest groups who are affected, in the decision-making processes of their government. Civil works projects affect the lives, well-being, and quality of life of the great majority of the American people. President Carter will mandate the Army Corps of Engineers to intensify their efforts to obtain and utilize the views and preferences of the citizens through appropriate but meaningful public involvement measures for the civil works program. This is necessary for the Corps to achieve and enjoy the measure of public confidence desired by the agency, and desired for the agency by the President.

(x) The mechanism now exists to deauthorize civil works projects on the books which are no longer active, and which have little genuine public support. President Carter will request the Secretary of the Army to seek deauthorization of all remaining unbuilt civil works projects which are found to be economically unjustified by reasonable criteria or otherwise not currently in the broad public interest. Limited funds must be devoted to timely projects which are both well conceived and justified and acceptable to the public who must pay for them.

THE WHITE HOUSE
WASHINGTON

February 9, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: CANAL ECONOMICS/INFORMATION

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 8, 1978

C

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON
BOB BECKEL

Bob

SUBJECT: CANAL ECONOMICS/INFORMATION

This information should help you answer questions on some of the economic issues that have been raised by Treaty opponents. Two larger briefing books covering all relevant issues have been placed on the corner of your desk.

I got one book

J

689

THE WHITE HOUSE

WASHINGTON

February 9, 1978

Frank Moore
Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Frank - please forward Congressman Derrick's copy to him. Zbig - please forward Secretary Brown and Sec. Alexander's copies.

Rick Hutcheson

cc: Jim Gammill

RE: NOMINEES FOR ASSISTANT SECRETARY OF AR-
FOR CIVIL WORKS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

orig → Alexander
cc Brown, Cong Derrick via FM

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	POWELL
	WATSON
	McINTYRE
	SCHULTZE

	ENROLLED BILL
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	CAB DECISION
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	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

rick--

perhaps frank moore
or one of his people
would want to hand deliver
derrick's copy.?.

thanks -- susan



THE WHITE HOUSE
WASHINGTON

2/9/78

To Sec Clifford Alexander

Please act without delay
to recommend to me several
nominees for Assistant Secretary
of The Army for Civil Works.
I want this position filled.

I will consult with you
personally before making the
appointment, of course.

Jimmy Carter

cc: Harold Brown

bcc: Congressman Butler Derrick

688

THE WHITE HOUSE
WASHINGTON

February 9, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: SEN. GLENN CALL

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
X	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN. *done*

THE WHITE HOUSE
WASHINGTON *J*

February 9, 1978

MR. PRESIDENT:

Please read Dan Tate's note to Frank Moore
re John Glenn call:

" Frank: As you recall, last night
we asked the President to call
Senator Glenn. He had Ray Marshall
call instead.

Senator Glenn is calling again this
morning, requesting a brief call
from the President -- not for the
purpose of putting the President on
the spot but "to make an honest man"
of Glenn who promised State and local
officials in Ohio that he would talk
with the President. *✓*

A call from the President could help
him save face. In addition, the
President could take the opportunity
to thank Glenn for his fine work in
getting the Nuclear Nonproliferation
Bill through the Senate. He floor
managed the bill and really did a
great job."

Tate

Tim Kraft *TK*

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ADMINISTRATIVELY CONFIDENTIAL
THE WHITE HOUSE
WASHINGTON

February 9, 1978

Hamilton Jordan

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: PRESIDENTIAL TELEPHONE CALLS
TO SENATORS -- PANAMA
TREATIES

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
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	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 7, 1978

*all done
J*

MEMORANDUM TO HAMILTON JORDAN

FROM:

BOB THOMSON *B. Thomson*

SUBJECT:

PRESIDENTIAL TELEPHONE CALLS TO SENATORS

The following are the talking points for the President to use in making his calls to the Senators discussed this morning.

Senator Cannon

The Senator will express serious concerns over the economic aspects of the Treaties. He was very critical during Armed Services Committee hearings. The President should reassure him that the Canal will be economically viable under the Treaty and tell him that the Arthur Anderson report proving that point will be released on Thursday or Friday. If Cannon needs a personal briefing on the report, we can provide it.

*8/27
Difficult in
state*

The President should also tell Cannon that defeat of the Treaties will cripple him as President and deal a major blow to our foreign policy. Now that Cannon is chairman of a major committee, he should be willing to play a leadership role on important issues such as this.

The President can also point to the February 1 Gallup Poll showing Americans favor the Treaties 45 percent to 42 percent.

Senator Randolph

Using every possible argument against

The President has talked to Randolph at least 3 times. This time, he should again impress on the Senator the importance of the Treaties to the Carter Presidency. The vote has become a test of the compatibility and competence of the Democratic Congress and Democratic Administration.

Same

*9/27- Sure vote
if needed*

The President should explain he will go all out to help the Senator in his reelection bid, including a visit to his state. Administration officials can brief veterans or other groups if the Senator wishes.

Senator Young

We have had very little contact with him. The President should emphasize the support of the Joint Chiefs for the Treaties and highlight their input to the negotiations.

The Senator may respond to a plan based on the necessity for a strong Presidency in matters of foreign policy. The President should point out that President Ford, Senator Baker and other Republican leaders and conservatives support the Treaties.

Senator Stevens

The Senator is a hard-bitten political realist who has told Baker he will not support the Treaties. Baker still believes he can get Stevens, however.

The President may want to dwell on the importance of a neutral and accessible Canal to shipment of Alaska oil. The Senator could also respond to a personal appeal based on the importance of the Treaties to Latin American relations.

Stevens may counter with some barbs about the "d-2 lands" issue.

Will go back & re-think -

Kissinger & Ford have called him this weekend

*I put all of these on basis of
profound national interest - bipartisanship -
& prestige of the presidency*

*8/22 -
open
mind*

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

February 8, 1978

MEETING WITH SENATOR EDWARD ZORINSKY

Thursday, February 9, 1978

9:30 a.m. (15 minutes)

The Oval Office

From: Frank Moore FM

I. PURPOSE

To discuss the Panama Canal Treaties.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: The Senator is leaning against the Treaties. He was seen by Secretary Vance Wednesday. Numerous Jewish and business leaders have also called Zorinsky.

B. Participants: The President
Senator Zorinsky

C. Press Plan: White House Photo Only

III. TALKING POINTS

1. The Senator is interested in establishing his credentials as a Jewish leader. He also wants to be on the Foreign Relations Committee. Thus, he would be greatly flattered if you were to open with a short briefing on the Sadat visit.
2. Zorinsky is concerned about the economic questions. You should give him the rebuttal to the opponents' cost figures. We have attached a copy.
3. The core of his opposition is still fear of the political consequences in Nebraska. You can cite latest Gallup poll results showing the American people favor the Treaties 46 to 42. The margin is even greater for those Americans who have knowledge of the Treaties.

MEMORANDUM ON ASSERTED "POTENTIAL COSTS"

The following are comments on the items contained under the heading "Potential Cost to U.S. for Items not Covered by Panama Canal Tolls," in the attached unsigned memorandum. This analysis shows that the asserted "potential costs" are inaccurate, exaggerated, or misleading. Moreover, it should also be recognized that any such costs are not annual costs but must be allocated over the 22-year life of the Treaty.

MILITARY RELOCATION CONSTRUCTION COST (\$43 M)

- A consolidation of the present U.S. military installations in Panama is contemplated in the interests of efficient operation over the next 22 years.
- Consolidation costs represent a one-time charge to be spread out over three years.
- General McAuliffe testified that the U.S. has long been planning a \$22.7 million relocation program on the bases retained.
- Consolidation of our existing installations would provide long-term cost savings to the U.S. taxpayer.

CIVIL SERVICE EARLY RETIREMENT (\$135 M)

- Cost is highly speculative; the program has not yet been fully developed.
- It is difficult to estimate how many people will take advantage of the optional program. We hope that few employees will choose to retire early.
- No final decision has been made as to how this program should be funded.

INCREMENTAL COSTS FOR DOD SCHOOLS/HOSPITALS (\$110 M)

- Cost is highly speculative.
- Schools and hospitals are presently operated by the Canal Zone Government. Many users of these facilities are DOD personnel, and DOD now reimburses the Zone Government for such use.
- In the future, DOD would operate these facilities and Canal Commission would reimburse DOD for their use.
- Net cost, if any, to U.S. depends upon reimbursement arrangement established by legislation or by agreement between U.S. operated Canal Commission and DOD.

FOREGONE INTEREST PAYMENT TO U.S. TREASURY (\$505 M)

- The Treaties do not require termination of the interest payment.
- The Administration's current thinking is to recommend termination of these payments, but the final decision is up to the Congress.
- The interest payment began in 1951, 37 years after the Canal opened. Generally, the long-standing U.S. policy has been to operate the Canal as a public service -- from which the United States has not sought to obtain a profit or compensation for the capital employed.
- Toll rates could be raised sufficiently to pay interest if Congress so decides.

CONTINGENT PAYMENT TO PANAMA (\$220 M)

- Untrue. The United States is in no way obligated to pay this amount to Panama.
- These payments are to be made out of any profits the Canal might make from tolls.

FOREGONE PAYMENT FOR PAST SERVICES TO PANAMA (\$8 M)

- This refers to certain outstanding U.S. claims against Panama which have been in dispute for many years.
- The Treaties would not terminate or otherwise affect these claims, and we are continuing to press for a settlement of them.

COST OF INVENTORY/EVALUATION OF ASSETS (\$2 M)

- Certain costs of this nature will undoubtedly be incurred.
- However, there is no reason to assume the costs of inventory of Canal assets would not be financed from Canal revenues.

PAYMENT OF EMPLOYEE ACCRUED LEAVE (?)

- Untrue.
- These costs will be financed from Canal revenues. They are costs of the Commission.

INCREASED TRAINING FOR PCC EMPLOYEES (?)

- Untrue.
- These costs will be financed from Canal revenues. They are costs of the Commission.

I. Estimated value of assets transferred to Panama by 2000 A.D.

	<u>Book Value</u>	<u>Replacement Cost</u>
Panama Canal	\$310 M	\$5.0 B
Panama Canal Zone	\$257 M	\$3.6 B
Military Plant	\$353 M	\$1.2 B
TOTAL	<u>\$920 M</u>	<u>\$9.8 B</u>

II. Potential Cost to U.S. for items not covered by Panama Canal tolls

Military Relocation Construction Cost	\$ 43 M
Civil Service early retirement	\$135 M
Incremental cost for DoD schools/hospitals	\$110 M
Foregone Interest payment to U.S. Treasury	\$505 M
Contingent Payment to Panama (\$10 M/yr)	\$220 M
Foregone payment for past Services to Panama	\$ 8 M
Cost of Inventory/Evaluation of assets	\$ 2 M
Payment of Employee Accrued Leave	?
Increased Training for PCC employees	?
TOTAL	<u>\$1023 M +</u>

Other Potential Liabilities of U.S. Government

Military Assistance (FMS credits)	\$ 50 M
AID Housing Guarantees	\$ 75 M
Export Import Bank Credits	\$200 M
Overseas Private Investment Corporation loan guarantee	<u>\$ 20 M</u>
TOTAL	<u>\$345 M</u>

THE PRESIDENT HAS SEEN

9:15 AM

THE WHITE HOUSE

WASHINGTON

SB-WH Conf

February 8, 1978

MEETING WITH SENATOR GAYLORD NELSON

Thursday, February 9, 1978

9:15 a.m. (15 minutes)

The Oval Office

From: Frank Moore

J.M./ER

I. PURPOSE

To discuss the 1978 agenda as well as matters of mutual interest.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Nelson has been most cooperative and supportive of the Administration. He was very helpful during the Social Security battle. He is opposed to COET and all other energy taxes. We have no problems with him on the Treaties.

B. Participants: The President
Senator Nelson
Frank Moore

C. Press Plan: White House Photo Only.

III. TALKING POINTS

1. Since the Senator was unable to attend the bill signing ceremony for the Social Security bill, you should thank him for his hard work and support.
2. The Senator recently held hearings of his Senate Small Business Committee attacking HUD's jurisdictional interpretations under the Interstate Land Sales Full Disclosure Act. His primary complaint centers on the fact that developers of subdivisions that are locally marketed, may be required to register with the federal government and provide purchasers with a summary prospectus known as a property report.

The Senator believes HUD's broad jurisdictional interpretation is contrary to Congressional intent, that it represents an unnecessary intrusion of the federal government in local matters and that it results in unwarranted costs imposed upon developers.

It is HUD's position that the statute intentionally was constructed broadly because it is remedial legislation designed only to provide consumers with information necessary for making wise purchase decisions. It does not place any federal substantive requirements on the timing, quality or location of subdivision development. Efforts are being made to revise regulations broadening the available exemptions for so-called "local" intrastate offerings. The format for the property report given to consumers is also being reorganized so that the presentation of the disclosure material will be less technical and more useful for the public.

3. Senator Nelson is also one of the few liberals and enthusiastic tax reform supporters on the Finance Committee. His help is needed on the tax bill and some encouraging remarks by you about expecting and appreciating his support would be useful.
4. As Chairman of the Small Business Committee, the Senator has been briefed by Treasury on the small business content of the tax package. He seemed reasonably pleased but we can anticipate having to deal further with small business tax requirements.

SB WH
Conference

OMB has prepared talking points (attached) for use by you concerning the Senator's efforts on part-time and flexi-time employment.

February 9 Meeting with Senator Nelson

Suggested Talking Points
(Part-time Employment)

1. We are sympathetic to, and appreciative of, your pioneering efforts on behalf of part-time and flexi-time employment. As evidence of this support, I issued (September 16, 1977) a memorandum to agency heads calling on them to establish innovative programs to expand opportunities for men and women seeking part-time employment.
2. I have directed the Civil Service Commission to coordinate and periodically report on these efforts. Over the next year, CSC will be requesting input from agencies on progress achieved, problems encountered, and the need for personnel policy changes. CSC will be providing recruiting assistance, developing guidance material, and sponsoring pilot studies on various aspects of part-time employment.
3. Agencies already have been directed to:
 - . issue an internal policy statement on part-time employment.
 - . survey functions to determine those which can be effectively performed by part-timers.
 - . inventory employees to identify those interested in a part-time schedule.
 - . restructure appropriate jobs and schedules to maximize part-time opportunities.
4. I also have authorized development of an experimental full-time equivalent ceiling system for testing in several agencies prior to considering its use on a broader scale. We will be carefully monitoring the results of that experiment.
5. However, I would be less than candid if I did not point out to you that efforts to increase the number of part-time employees tend to conflict with my efforts to hold down the total number of Federal employees (by which the size of the Federal bureaucracy is most widely measured). Nevertheless, I hope that some improvements can be made within existing personnel ceilings.

6. For that reason, I'd like to be sure you understand our position on the pending House bill concerning part-time employment. Until our various experiments with part-time employment are concluded and evaluated, we would strongly prefer that no statutory requirements in this regard be imposed. Similarly, while we have recognized the need for, and proposed, legislation to permit innovative flexi-time experiments, we want to conduct these among agencies with a representative mix of missions and situations. Thus, we have to object to any statute mandating use of flexi-time in all agencies. I believe the test efforts in both these areas demonstrate our general support of these concepts without need of broader statutory requirements at this time.

THE WHITE HOUSE
WASHINGTON

*Called
2-9-78*

THURSDAY-FEBRUARY 9, 1978
8:15 a.m.

MR. PRESIDENT

ESTHER PETERSON CALLED YOU
AT 8:15 LAST NIGHT WHEN YOU
WERE HAVING DINNER WITH
THE JEWISH LEADERS.

T.K.

THE WHITE HOUSE
WASHINGTON

February 9, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

CALL TO SEN. STENNIS RE B-1 VOTE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 1, 1978

done
J

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

Fm/nd

At 3:20 p.m. today, the Senate voted to table (and thus kill) an effort to provide funds for the 5th and 6th B-1 aircraft. The vote was 57 in favor of tabling to 38 against.

We recommend that you call and thank Senator Stennis who managed our effort on the Floor and John Culver and Bill Proxmire who worked the issue very hard for us.

663

THE WHITE HOUSE
WASHINGTON
February 9, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Hamilton Jordan

RE: SEN. YOUNG CALL RATHER THAN
VISIT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

		MONDALE
		COSTANZA
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	/	JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN


THE WHITE HOUSE
WASHINGTON

*done
J*

HJ:

Senator Young has the flu
and has to go to the hospital
for a cataract operation
tomorrow. He really doesn't
feel up to coming in to see
President today. Bob Thompson
recommends the President
call him instead.

E.

664
THE WHITE HOUSE
WASHINGTON

February 9, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: PANAMA TREATIES - STATUS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

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	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 8, 1978

*Joe d
I*

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON
BOB BECKEL *pp Bob*

SUBJECT: PANAMA TREATIES - STATUS

We had an excellent first day. Our allies scored major points in the opening debates.

No votes are likely before the recess. Instead, the Senators will continue with opening speeches on the Treaties.

The Vice President and his staff did an excellent job of responding to Senator Allen's parliamentary inquiries. The Senator will attempt to have the Panama Canal Treaty considered before the Neutrality Treaty. The Senate will vote on this issue when it returns from its recess. We oppose this move, as do Byrd and Baker, for obvious tactical reasons.

Information presenting our view on the economic issues is now available and the task force operation is now functioning efficiently.

WS
THE WHITE HOUSE
WASHINGTON

February 9, 1978

Frank Moore

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

RE: CALL TO SEN. GLENN TO DISCUSS
COAL STRIKE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

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	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

*Ray
Called
J*

CONGRESSIONAL TELEPHONE CALL

TO: Senator John Glenn

DATE: Wednesday, February 8, 1978

RECOMMENDED BY: Frank Moore and Dan Tate

PURPOSE: To discuss the coal strike settlement.

BACKGROUND: Ohio has suffered more than most states from the strike. Because of impending coal shortages, utilities are making plans to reduce electric service. Glenn is getting intense pressure from state and local officials and the press to urge strong intervention by you to ensure that the settlement is ratified. As you know, the settlement is controversial and ratification is by no means certain. Secretary Ray Marshall has been dealing with most Congressional inquiries and tried to call Senator Glenn on Tuesday evening, but they have not reached one another yet.

TOPICS OF DISCUSSION: 1. We recommend that you call Senator Glenn but not go into any details or make any commitments. You may want to indicate that Secretary Marshall will try to get in touch with him (at your request) to discuss the situation in detail.

Date of Submission: 2/8/78

MR. PRESIDENT:

THE SENATOR IS VERY ANXIOUS TO TALK WITH YOU TONIGHT.
HE HAS CALLED TWICE.

Dan Tate

THE WHITE HOUSE
WASHINGTON

PERSONAL

2-9-78

To Jim Mc Intyre

What can we do by
executive order to bring
consumer protection functions
together? (If we
are aggressive)

J.C.

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THE WHITE HOUSE
WASHINGTON

February 9, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: TIP O'NEILL'S MEMO -- DISCUSSION
TOPICS FOR LEADERSHIP MEETING ON 2/6

February 6, 1978

MEMO TO: The Speaker **THE PRESIDENT HAS SEEN.**
FROM : Irv Sprague
SUBJECT: Leadership Meeting, 8 a.m., Tuesday, White House

hawk

POSSIBLE DISCUSSION TOPICS

1. Energy.

2. Welfare Reform. The Administration has been unable to persuade Ullman (Ways and Means), Foley (Agriculture), or Hawkins (Education and Labor); however, Corman still believes his Ad Hoc Committee will be able to report a bill this Wednesday.

If the Administration plans to push hard for a bill this year and if the Senate will take it up, the Speaker could refer the Ad Hoc Committee bill to the standing committees with a date certain for reporting back. Otherwise, the bill could be just referred to the committees to work their will on their own timetable.

3. Hospital Cost Containment. The Administration bill is having tough sledding in the House. Rogers' subcommittee (Interstate) has approved what is virtually the Administration's bill, but Rostenkowski's subcommittee (Ways and Means) is heading toward a more voluntary plan. What are the Senate plans?

4. Consumer Agency. House Floor Tuesday. The vote looks close, but we can pass it, with an all-out effort by the Administration. What will the Senate do?

5. Federal Judges. House Floor Tuesday (suspension). Already passed Senate.

6. Redwoods. Rules Committee Tuesday. House Floor Wednesday. Already passed Senate. Sierra Club offering last minute objections. OMB does not like the cost.

7. Tax Cuts and Reform. Hearings started. Hundreds of witnesses will take the hearings well into April. Ullman hopes to report by the end of May.

8. Humphrey-Hawkins. Markup underway. Hawkins expects to be on the House Floor about the 1st of March.

9. Local Public Works Jobs. There is no money in the budget to extend this program. OMB says remaining from the \$6 billion program are \$2.3 billion outlays for fiscal 1978, \$2 billion for fiscal 1979 and \$1.1 billion for 1980. Most of this is already committed.

The Administration jobs package includes the following job slots: Public service employment, 725,000; youth training, 167,000; job corps, 44,000; summer youth, 1,000,000; welfare demonstration projects, 22,000; private sector initiatives, 40,000; CETA manpower training, 368,000; older Americans, 47,000. All these are at about current levels except for the new welfare demonstration projects and the private sector initiatives.

People like Parren Mitchell and Andy Biemiller say this is not enough.

10. Airline Deregulation. Passed Senate. Problems in House Committee but Bizz Johnson says a combined deregulation - noise control bill will be reported. Labor actively working against the bill.

11. Postal Reform. Committee still negotiating with White House.

12. Alaska Lands. Markup about completed. Mo Udall expects to be ready for House Floor by mid-February.

13. Criminal Code Reform. Passed Senate. House Committee says it is tough and complicated and will take a long time.

14. Budget Resolution. April 15 reporting date.

15. International Monetary Fund. Whip count underway. May come up next week.

16. Supplemental Appropriation. B-1 vote in House.

17. Passed House: Nuclear Nonproliferation; Labor Law Reform; Hatch Act; Waterway User Fees.

2:00 P.M.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 8, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Meeting with Doug Fraser
DATE: Thursday, February 9
TIME: 2:00 p.m. (10 minutes)
LOCATION: Oval Office

I. PURPOSE

To reassure Fraser of our commitment to NHI and to having a proposal this year.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background and Talking Points:

1. Timing. Fraser and the UAW (along with other labor groups) are strongly urging us to submit our NHI legislation early enough to allow Senator Kennedy and perhaps others to hold hearings during July and August. It is possible, though it may be difficult, for us to meet this goal; at the very least we can develop detailed legislative specifications in time for hearings this summer.

It would be wise in my estimation to discuss with Fraser whether this early timetable is most likely to lead to the passage of an acceptable NHI plan. The political and substantive complexities of NHI will require that you spend a substantial amount of your time educating the American people and the Congress on this issue. You will not have that time between now and this summer, because of energy, Panama, tax reform, SALT, and other issues. This inability to prepare the popular climate sufficiently is exactly why many Congressmen prefer not to make NHI an election-year issue. If it comes out just before the election, they may be forced to prematurely oppose what may be an expensive

package -- particularly with the Social Security tax hike on everyone's mind. This could imperil passage of NHI for years. There is no real way to propose a bill that Fraser in his current posture will like that does not involve heavy future taxes.

2. Substance. Labor has traditionally called for a NHI plan funded entirely by general revenues and payroll taxes. However, reaction to the rise in social security taxes points up the problems of payroll tax financing. We must therefore look carefully at the possibility of using private insurance premiums for our NHI plan (it is estimated that in 1980 about \$60 billion of the total \$200 billion national health expenditures will be financed by private health insurance premiums). This may necessitate a significant role for private health insurance companies.

In addition, the UAW has traditionally opposed any patient cost-sharing for covered services. But as Secretary Califano's NHI memorandum to you indicated, even modest cost-sharing can reduce the budget costs of NHI by almost \$20 billion.

DPS, HEW staff, and Senator Kennedy have been meeting with UAW officials and other labor leaders. The response suggests that labor's flexibility on these issues is growing.

3. Politics. While the Administration remains committed to the broad NHI concepts you announced during the campaign, we have been making it clear that we are ultimately committed to introducing the best passable bill we can. We have been stressing that even if the Administration, labor, Senator Kennedy, and other strong Congressional supporters of NHI are in agreement on the NHI bill submitted, securing passage will still be extremely difficult. If labor is not supportive of our package, passage will be impossible from the start, probably ending the chance for NHI for a generation.

You might stress the importance of labor flexibility on NHI (on the need for which Fraser agrees, we believe). You might point out that the situation is analogous to labor law reform, in which compromise in advance of introduction was necessary to diffuse Congressional antipathy and to enhance the effectiveness of the President's support.

B. Participants: Doug Fraser, President, UAW; Stephen I. Schlossberg, Director, Government and Public Affairs, UAW; Stu Eizenstat

C. Press Plan: Brief photo session.

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THE WHITE HOUSE
WASHINGTON

February 9, 1978

Zbig Brzezinski
Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: MEETING IOB

~~SECRET~~/SENSITIVE

*James memo given to ZB
and Bob
ZB given to ZB
did not note*

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 8, 1978

MEETING WITH MEMBERS OF
INTELLIGENCE OVERSIGHT BOARD

Thursday, February 9, 1978
11:30 a.m. (20 minutes)
The Cabinet Room

From: Robert Lipshutz

AL

I. PURPOSE

Members of the Intelligence Oversight Board wish to discuss the impact of the recent Executive Order on Intelligence Activities on the IOB's responsibilities.

II. PARTICIPANTS AND PRESS PLAN

A. Participants: Attending will be the Chair of the IOB, Tom Farmer, and members Albert Gore and William Scranton, as well as Zbigniew Brzezinski and Robert Lipshutz.

B. Press Plan: Photograph opportunity.

III. ISSUES

The IOB will raise five issues at the meeting:

1) Procedures for Reporting Alleged Intelligence Abuses to Congress. Under Section 3-4 of the recent Executive Order, you are required to issue procedures governing intelligence agencies' reporting to the Hill of "information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned." The Order requires that these reports are to be made in a "timely fashion." The procedures are being developed now in a working group chaired by Justice, and the IOB will be invited to participate in the drafting.

Last July you wrote to Senator Inouye that reports of abuses would be forthcoming only after there had been an opportunity to investigate them and to take corrective action. IOB is concerned, however, that Stan Turner will

send reports directly to the Hill before there has been an opportunity for investigation. IOB wants you to make it clear--particularly in the interim period while the new Presidential procedures are being developed--that agencies should not send reports directly to the Hill.

Recommendation: We recommend that you notify the heads of all agencies within the Intelligence Community that, in the interim until Presidential procedures are developed, possible abuses should not be reported to Congress without your permission.

2) IOB Authority to Initiate Investigations. The IOB believes that it should be authorized to initiate its own investigation of possible abuses within the Intelligence Community, rather than simply acting on reports forwarded by the agencies.

Recommendation: We are opposed to this suggestion. For the IOB to initiate investigations would be contrary to its present practice and would greatly expand its jurisdiction.

3) IOB Review of the "Propriety" of Intelligence Activities. The Executive Order specifically authorizes the IOB to review the "legality or propriety" of intelligence activities. IOB is concerned that certain agencies within the Intelligence Community, particularly Defense, will attempt to limit the IOB's jurisdiction to questions solely of legality in the forthcoming charter legislation.

Recommendation: We agree that the IOB should continue to have authority to examine questions of the propriety of intelligence activities, as well as their legality. The agencies should be so informed.

4) Access to Information. The IOB is having some problems obtaining what it believes is relevant information from the FBI and wants you to direct all agencies to give it access to any material or personnel necessary to perform its duties.

Recommendation: We oppose such a broad directive at this time. It would make more sense in this case to direct the IOB to attempt to resolve this matter by consulting directly with the Attorney General.

5) Briefing on Covert Action and Sensitive Collection. The members of the IOB and its Staff Counsel have obtained the requisite clearances to receive regular briefings on covert action and sensitive collections operations. The NSC wants your explicit authorization before the DCI is permitted to brief the IOB on such matters.

Recommendation: We recommend that you grant the necessary authorization. The IOB needs to be kept abreast of intelligence activities if it is to perform its role effectively.